

Proposed FBC Amendments/Interpretations

Form Based Code _____

Neighborhoods Form Based Code

Map Amendment _____

Text Amendment

Topic: Increasing the Area Median Income Requirements and Affordability term for Moderate Income Ownership Housing Achieved through the Neighborhoods Form Based Code (N-FBC).

Issue:

1. The Affordable Housing Master Plan (AHMP) includes Goal 1.2.1, “Incentivize the production of moderately-priced ownership housing through land use and zoning policy.” The AHMP goes on to recommend encouraging the production of ownership housing affordable to households with incomes between 80% to 120% AMI, or \$88,240 to \$132,360 for a family of four (see table below). However, the N-FBC requirement limits affordable ownership units to up to 60% AMI (Part 902.B “Affordability Level and Term”).

2017 Area Median Income - Arlington County

Family Size	60% of Median	80% of Median	100% of Median	120% of Median
1-Person	\$46,380	\$61,840	\$77,300	\$92,760
2-Person	\$52,980	\$70,640	\$88,300	\$105,960
3-Person	\$59,580	\$79,440	\$99,300	\$119,160
4-Person	\$66,180	\$88,240	\$110,300	\$132,360
5-Person	\$71,520	\$95,360	\$119,200	\$143,040

Source: Median income as adjusted by US Department of Housing and Urban Development

2. The N-FBC includes an affordability term of 30 years for both rental and homeownership affordable housing. Staff recommends that ownership affordable units remain affordable in perpetuity, for the life of the project. This will ensure a long term affordable commitment. Requiring the units to remain affordable in perpetuity will also enable the tax assessments to be based on the affordable value instead of the much higher market rate assessment of the same unit. This will help keep the tax payments within an affordable range for these homeowners.

Purpose: Incentivize the production of moderately-priced ownership housing through land use and zoning policy (AHMP Goal 1.2.1).

Current Neighborhoods Form Based Code References:

Section 902.B. Affordability Level & Term:

AFFORDABLE HOUSING UNITS shall be committed for a term of no less than 30 years and shall be affordable to households earning up to 60 percent of the Area Median Income (AMI) as set by US Department of Housing and Development (HUD) at the time of the Final FBC application submission, except as follows:

1. Projects west of George Mason Drive: An applicant may provide up to 33 percent of the required low and moderate income units at affordability levels of 60% to 80% of the AMI at a rate of two (2) units available at 60% - 80% of the AMI for every one (1) unit required at 60% of the AMI.

2. Projects east of George Mason Drive: An applicant may provide up to 33 percent of the required low and moderate income units at affordability levels of 40% of the AMI at a rate of 0.5 units available at 40% of the AMI for every one (1) unit required at 60% of the AMI.
3. By use permit approval, the County Board may adjust the proportions described in 902.B.1 and 902.B.2 to allow for larger quantities of units affordable at 60% to 80% of the AMI or 40% of the AMI units, respectively.

Staff Analysis:

- Staff calculates the maximum price of a unit based on the household’s ability to pay one-third of their income towards housing. When determining the maximum purchase price, all housing costs, including the mortgage payment, real estate taxes, condo fees, and/private mortgage insurance are taken into account.
- Increasing the AMI levels would help increase the pool of eligible, qualified buyers able to purchase in a timely manner, given developers’ project schedules. According to estimates provided by the Affordable Housing Master Plan (page 14), in 2010 there were 19,000 households that earn between 80% to 120% AMI.
- Households with limited resources may have more difficulties affording the mortgage and other housing costs when there are future increases in utilities, taxes, condominium fees or Home Owners Association (HOA) dues, as well as maintenance and repair costs or other unforeseen expenses.
- Since the N-FBC was approved in November 2013, the County has approved one ownership development (Carver Homes) with six affordable units. These units are affordable up to 60% AMI, per code requirements. There are no N-FBC condominium developments anticipated through 2017, however there could be opportunity for this type of development in the future.

Recommendation:

1. Income Mix – In order to incentivize affordability of different tiers within the 80% to 120% AMI income range, staff recommends amending the N-FBC to require no less than half of the required affordable units be affordable to households earning up to 100% AMI and the remainder of the required affordable units be affordable to households earning up to 120% AMI. The different tiers of affordability will help ensure there are a range of prices that serve those between 80% to 120% AMI.
2. Length of Affordability - The N-FBC includes an affordability term of 30 years for both rental and homeownership affordable housing. Staff recommends that ownership affordable units remain affordable in perpetuity, for the life of the project.

Summary of N-FBC Recommendations

Affordable Ownership Units	Existing Code	Recommendation
AMI Level	60% AMI	Tier at 100% and 120% AMI
Affordability Term	30 Years	In Perpetuity
Affordable Rental Units	Existing Code	Recommendation
AMI Level	60% AMI	60% AMI (no change)
Affordability Term	30 Years	30 Years (no change)